

FISCAL IMPACT STATEMENT ON BILL NO. **S.122**

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TO:	The Honorable John E. Courson, Chairman, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell, Kate Billing, Bryce Wilson		
DATE:	March 1, 2005	SBD:	2005202

AUTHOR:	Senators Short and Ford	PRIMARY CODE CITE:	59-59-10
SUBJECT:	South Carolina Education and Economic Development Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

Senate Bill 122 would enact the South Carolina Education and Economic Development Act. An Education and Economic Development Coordinating Council would be established to implement the statewide performance, accountability, and enforcement requirements of this Bill.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of this Bill. A synopsis of the impact associated with each section is summarized as follows. **This fiscal impact estimate is for Sections 1, 8, 9, and 10 of the Bill only.**

Section 59-59-20 – Annual costs include the need for 160 educators to spend four days during the summer developing, modifying and continuously revising the required curriculum for the sixteen individual clusters. Compensation is estimated at \$150 per day and State Department of Education (SDE) anticipates 16 regional workshops at \$2,000 per session for incidental costs. Statewide printing, supplies and materials costs are estimated at \$75,000 for the first two years, while travel costs and other expenses are estimated at \$47,000. Statewide printing, supplies and materials costs are estimated at \$25,000 a year for years three and four. Realignment of the curriculum should be completed by June 2009.

Section 59-59-40 (A) - Cost includes the need for 20 educators to spend two days during the summer developing and modifying the framework for individual graduation plans. In addition, 64 educators would spend two days developing and modifying the curriculum framework for career clusters of study. Compensation is estimated at \$150 per day. SDE estimates annual printing, travel and incidental costs at \$50,000. Total costs can be estimated at \$75,200, which would be incurred during the first year only.

Section 59-59-40 (B) – SDE anticipates providing training to 150 Career Development Facilitators a year. Training and other educational costs are estimated at \$2,500 per individual. Total annual cost is estimated at \$375,000 for this initiative that begins in FY 2005-06.

Section 59-59-50 (2) – Providing access to the South Carolina Occupational Information System for all 437 schools is estimated to cost \$327,750 annually (\$750 per school). This includes funding for 343 schools that already access the system.

Section 59-59-80 (B) – Providing career interest assessments, career academic assessments, and remediation as needed beginning in FY 2005-06 to 160,000 middle school (grades 6,7,8) students at \$2.50 per student would cost \$400,000 annually, which includes the cost of the assessment materials. Further, this section states that eighth graders must select a preferred cluster of study and develop an individual graduation plan. Therefore, it is assumed career assessments would be provided to all students in the eighth grade in FY 2007-08 and annually thereafter. Total annual cost for providing career assessments after FY 2006-07 is estimated at \$135,000 based on this assumption.

59-59-80 (D) – SDE anticipates there will be costs associated with providing transportation to students that wish to transfer to a high school offering his or her career cluster if not offered by the high school in his or her attendance zone. SDE estimates these transportation costs at \$1,914,880 at full implementation (third year) based on the fact that there are 176 high schools in districts that have more than one high school. It is anticipated half of the full implementation cost would be incurred the second year of implementation.

Sections 59-59-90 – An additional 430 Career Specialists are needed to achieve the ratio of 300:1 as required by this section. The estimate assumes an additional 215 counselors would be needed in FY 2006-07 for the middle schools and an additional 215 counselors for high schools in FY 2007-08. Salary and fringe are estimated at \$45,000 per career specialist. Therefore, second year costs are estimated at 9,675,000. At full implementation the total cost is estimated at \$19,350,000. It should be noted that some of these costs could be incurred earlier since this section provides for the latest date at which these student to guidance counselor ratios are to be achieved.

Section 59-59-110 (A) - The Employment Security Commission indicates that the South Carolina Occupational Information System (SCOIC) program would need to be expanded to ninety-four new schools, assuming all schools chose to take advantage of the program rather than take the option of providing an alternative program approved by SDE. The Commission indicates that licensing for the software necessary to operate the program would cost \$400 per site, resulting in new software licensing costs of \$37,600 (\$400 x 94 sites) annually. Ongoing support for these programs in the form of travel and coordination would cost approximately \$15,000 annually. New user training and manuals would need to be provided to these new schools on an annual basis to operate the program at a cost of approximately \$18,800. Total recurring annual cost can be estimated at \$71,400. These costs would be offset by the collection of user fees in the amount of \$750 per school per year, for a total of \$70,500 annually (\$750 per school x 94 schools). In addition, CHE indicates a need for additional support staff estimated at \$45,000 to provide assistance to SDE in planning and promoting career information and employment options.

Section 59-59-120 (A) – Annual operating expenses for the Education and Economic Development Council are estimated at \$30,000, which includes travel, meeting facilities, printing, supplies and postage. The Council would be dissolved after FY 2010-11.

Section 59-59-130 – Personal service and related expenses for each of the twelve regional education service centers is estimated at \$100,000. These centers are to be operational by July 1, 2007. Total impact for all 12 centers is \$1,200,000. It should be noted that some of these costs could be incurred earlier since this section provides for the latest date at which these educational service centers are to be organized.

Section 59-59-140– SDE anticipates the need for a series of 20 meetings a year to develop, monitor and continuously revise the performance-based standards required by this section. Meeting, travel, and incidental expenses are estimated at \$50,000. Training expenses (including workshops, seminars, etc.) associated with programs in contextual teaching is estimated at \$150,000 annually. The Commission on Higher Education (CHE) anticipates the colleges and universities would need to provide release time for a full-time faculty in order to redesign elements of the teacher education programs during the first year of implementation. To do so may require these institutions to hire adjunct faculty to assist with, or cover the existing teaching loads. At \$30,000 per adjunct faculty for 12 institutions the total cost can be estimated at \$360,000. In addition, CHE estimates \$22,000 in recurring costs related to its collaborative efforts with SDE in implementing this section.

Section 59-59-150 (A) – In order to develop articulation agreements SDE and CHE anticipate the need to conduct a series of meetings during the first two years of implementation involving school districts, higher education and other officials. Meeting, travel, printing, postage, supplies and materials expenses are estimated at \$155,000 a year.

Section 59-59-150 (B) - This section also requires CHE to monitor and report annually articulation agreements. Depending on the specific duties associated with these requirements CHE anticipates the need for one Program Manager. Salary and fringe are estimated at \$87,500. Other Operating costs are estimated at \$15,000 annually. Non-recurring costs associated with one-time office set-up is estimated at \$3,500. Therefore, first year costs are estimated at \$106,000, while recurring costs thereafter are estimated at \$102,500.

Sections 8, 9 and 10

Any potential savings or cost associated with deleting the School-To-Work Transition Act and testing requirements for students with disabilities has yet to be determined. In addition, there should be no additional cost to the Office of State Budget to certify savings associated with eliminating the High School exit exam assuming SDE provides documentation and other data necessary to fulfill this requirement.

Recapitulation

The impact on the General Fund of the State is at the General Assembly's discretion. This initiative could be funded with State General Funds, Education Improvement Act funds and/or a combination of these funds and local school district funds. Costs incurred by state colleges and universities could be funded with State General Funds and/or tuition and fee revenue. **Estimated costs for the Education and Economic Development Act through FY 2010-11 are summarized on the attached schedule.** It should be noted that the need for \$4.0 million of existing Tech Prep School-to-Work funds would slowly be phased out during implementation. These funds could then be diverted to support the requirements of this Bill.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

None.

Approved by:



Don Addy
Assistant Director, Office of State Budget

S.122 - Education and Economic Development Act

Estimated Implementation Costs

<u>TITLE 59 CHAPTER 59</u>		<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
20 - Career Clusters		250,000	250,000	200,000	200,000	-	-
40 (A) - IGP & Curriculum Framework Models		75,200	-	-	-	-	-
40 (B) - Professional Development Plans		375,000	375,000	375,000	375,000	375,000	375,000
50 (3) - SCOIS Access - SDE / District Cost	(1)	327,750	327,750	327,750	327,750	327,750	327,750
80 (B) - Career Assessment		-	400,000	135,000	135,000	135,000	135,000
80 (D) - Student Transfer Transportation		-	957,440	1,914,880	1,914,880	1,914,880	1,914,880
90 - Career Specialists Ratio 300:1	(2)	-	9,675,000	19,350,000	19,350,000	19,350,000	19,350,000
110 (A) - SCOIS - Employment Security Commission & CHE	(3)	45,900	45,900	45,900	45,900	45,900	45,900
120 (A) - Education & Economic Development Coordinating Council		30,000	30,000	30,000	30,000	30,000	30,000
130 - Regional Centers Coordination & Facilitation	(2)	-	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
140 - Reforming of Degree Requirements (SDE & CHE)		582,000	222,000	222,000	222,000	222,000	222,000
150 (A) - Statewide Articulation Agreements (SDE & CHE)		155,000	155,000	-	-	-	-
150 (B) - Statewide Articulation Agreements (CHE)		106,000	102,500	102,500	102,500	102,500	102,500
Section 8, 9 & 10	(4)	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>
Fiscal Year Total	(5)	\$1,946,850	\$13,740,590	\$23,903,030	\$23,903,030	\$23,703,030	\$23,703,030
Annual Incremental Increase		-	\$11,793,740	\$10,162,440	\$0	(\$200,000)	\$0
Total FTEs Required		(2.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)

Notes:

(1) 343 existing Middle & High Schools already access SCOIS. This estimate reflects that annual cost for all 437 schools to maintain access to SCOIS.

(2) Represents the latest date at which such costs could be incurred.

(3) Reflects net cost to Employment Security Commission and Commission on Higher Education.

(4) To Be Determined

(5) \$4.0 million of Tech Prep School-to-Work EIA appropriations would be gradually become available to offset implementation cost.